



30 July 1958 COR-0063  
RMB to DCI  
Sub: COR and 117L Financing

1. As of 1200 hrs on 30 July it was agreed by Messrs. Gordon Gray, Killian and Goodpaster that discussion of the 117L Proj shld be handled as follows:

a. At the NSC mtg on 31 Jul there will be a gen discussion which will involve no budgetary questions and no revelation whatsoever of CORONA. The purpose will be primarily informative and to discuss the concept and capabilities of the 117L system.

b. At a somewhat later date as yet undetermined there will be a more extensive and more detailed review of the 117L Proj for the President. In this session the Director of the Bureau of the Budget will be invited to raise any budgetary questions he desires. This later session shld probably be limited to persons witting of CORONA since it is difficult to explore the 117L Project without at least reference to CORONA costs and plans.

2. When the second mtg is held, various financial facts will be presented and issues will be raised. I am not familiar with all of them since I have only limited knowledge of the basic 117L program. I will attempt herewith, however to summarize the more important facts in as clear a fashion as I can in case you need to be familiar with them.

a. ARPA has tentatively approved FY 1959 funds for 117L and COR in the amount of [redacted] Of this sum, [redacted] is for 117L and [redacted] is for "addtl" costs occasioned by CORONA (explained below).

b. The figure of [redacted] for 117L represents a sizeable increase over an earlier approved expenditure of [redacted] this Project in the current fiscal year. This increase of [redacted] over the earlier figure is probably the main cause of the Budget Director's current concern. I am not in a position to explain the considerations that have given rise to this increased request by the AF and that have justified ARPA's approval of the increase.

c. You shld be aware (in case it is mentioned) that even the total of [redacted] in FY 59 wld not finance the full program of procurement and firings employing 117L hardware. Omitted from this total is any provision for some [redacted] that wld be needed

3. I return now to the figure [ ] quoted above as "addtl" costs in FY 59 occasioned by CORONA. This is a peculiar number, the derivation of which you shld understand. 25X1

a. You will remember that the basic financial agreement with respect to CORONA was that CIA wld covertly procure and pay for the payloads; that ARPA wld finance THOR and 117L vehicles together with certain overt costs of the payloads; and that these ARPA financed items wld be procured by the BMD of the AF.

b. CORONA as approved provided for 12 firings with recoverable satellites. In addition to these 12, however, it will be necessary as a part of the process of development of the hardware to fire two instrumented vehicles for test purposes and to carry out two more test firings primarily in order to test the recoverable capsule and the recovery procedure. Finally, the procurement of three more THOR/117L vehicles for BIOMEDICAL launchings have been programmed. Thus a total of 19 such vehicles are scheduled to be procured and launched.

c. Before CORONA was ever split off as a separate project, funding had been arranged for 10 THOR, Lockheed vehicles. Accordingly, to support the present program, nine addtl firings<sup>1</sup> first and second stages must be procured. Each THOR costs in round figures [ ] 25X1  
Thus each combination costs [ ] the total addtl funding 25X1  
required for 9 more vehicles is [ ] 25X1

d. The ARPA/AF program calls for the obligation [ ] of these addtl costs in FY 59 and [ ] in FY 60. This is 25X1  
the origin of the rqmt for [ ] in FY 59 to cover "addtl" 25X1  
costs occasioned by CORONA referred to in para 2.a. above, 25X1

4. The preceding paragraph is an explanation of the [ ] figure which is most likely to be mentioned as related in some 25X1  
manner to the cost of CORONA. In fact as the explanation shld have made clear, this number has no real relation to the cost of CORONA and I believe it is important for you to know how that cost was originally estimated and how it now appears:

a. Under date of 15 April 1958 an outline of COR was submitted for approval of higher authority. It stated: (1) That covert procurement of the payload wld cost [ ] which would be 25X1  
provided by CIA. (2) that 12 1st and 2nd stage vehicles (THOR plus 117L hardware) wld cost [ ] and that this 25X1  
procurement wld be financed "for the most part by ARPA through the AF." Thus the total cost of the Project was presented as  
[ ]

b. Subsequently I have discovered that the estimate [ ] 25X1  
for the vehicles given to me by ARPA and the Air Force was  
based on the assumption ~~of~~ that the AF wld absorb the cost  
of the THOR boosters, leaving only the cost of the Lockheed  
117L second stage vehicles as a charge against CORONA to be  
paid by ARPA. Specific instructions were given by higher authority  
however that the whole cost of CORONA was to be covered by ARPA  
and CIA. Since THOR vehicles cost [ ] each, some 25X1  
[ ] (the cost of 12 THORS) must be added to the original  
estimate of [ ] to obtain a realistic figure for the over-all  
cost of the vehicles. It must be said, therefore, that an  
honest estimate of the total cost of the program today is  
around [ ] for vehicles and [ ] of 25X1  
our funds for the payloads.

c. Although it is fair to say that the estimated cost of this 25X1  
program has increased [ ] since it was presented for approval  
in April, it shld be emphasized that this represents the  
inclusion of the new estimate of cost assumed to be covered ~~in~~  
in some other fashion when the original estimate was made.  
The increase does not represent any change in the estimated cost  
of producing specified pieces of hardware.

5. The following are the main financial problems confronting  
CORONA at the present time:

a. Even if the ARPA plan referred to in para 2.a. above is  
finally approved, no financing is as yet in sight for certain  
costs common to the Biomedical program and CORONA. If the  
Biomedical program is abandoned, the number of firings and 25X1  
of vehicles to be procured can be reduced by 3 which wld free  
more than enough ARPA funds for these common units. On the other

b. Altho the figures in the preceding para may be said to  
honestly reflect the cost of COR to the DOD and ourselves, it  
must be understood that COR is dependent on many facilities  
being furnished and much development being carried out under  
the basic 117L program. Accordingly if that program is seri-  
ously cut into by the BOB COR might well suffer. In particular  
I wld mention that COR ~~might require~~ requires both completion  
of THOR launch pads at Cook AFB and of down-range tracking  
facilities in Alaska and the Hawaiian Islands. Moreover, COR  
requires a modified rocket engine using more advanced fuel  
and the development costs for this engine must come from 117L.

c. Regardless of amts of money finally approved COR will suffer  
the major brunt of any protracted delays in arriving at decisions  
in releasing funds since the COR series of firings will be the  
first to employ the Lockheed second stage vehicle.